



Milwaukee County Status Report

Scott Walker

Milwaukee County Executive

Fiscal Responsibility & Integrity

- ❑ 5 consecutive budgets with a \$0 tax levy increase from the previous year
- ❑ Isolated large pension enhancements so not one new employee will receive them
- ❑ Restructured the pension board by requiring appointees to possess financial literacy, having a retiree serve on the board, and limiting the number of terms a board member may serve to two
- ❑ Filed a major lawsuit against the actuarial firm responsible for recommending the enhancements
- ❑ Reduced the size of the workforce by almost 20%
- ❑ Reduced average annual debt issuance by 36% from previous administration
- ❑ Updated ethics code and instituted new restrictions and reporting requirements, prohibited contributions from political appointments and those in active process of seeking contracts with the county
- ❑ Reduced size of County Board from 25 to 19
- ❑ County Executive returns \$60k of his salary every year (\$300,000 to date)
- ❑ Increased minority and female representation on Cabinet by approximately 50%

Quality of Life

- ❑ Expanded public/private partnerships to protect community assets and improve services including key projects totaling over \$750,000
- ❑ Increased public participation including increasing Parks friends groups by 22
- ❑ Expanded concert series and recreational programming in neighborhood parks
- ❑ Expanded trails network with over 14 additional miles of trails
- ❑ Developed comprehensive aquatics plan including regional water parks and season passes
- ❑ Completed a capital campaign drive of over \$30 million in improvements at the Milwaukee County Zoo including Big Cat Country, Sky Glider, Giraffe Experience and Family Farm, with the final project, the Gathering Place, to be constructed in September
- ❑ Contributed over \$35 million to community cultural events and organizations.
- ❑ Negotiated for the establishment of a State Forest and future Forest Demonstration Center on County Grounds
- ❑ Replaced 15 new playground units

Community Care & Public Safety

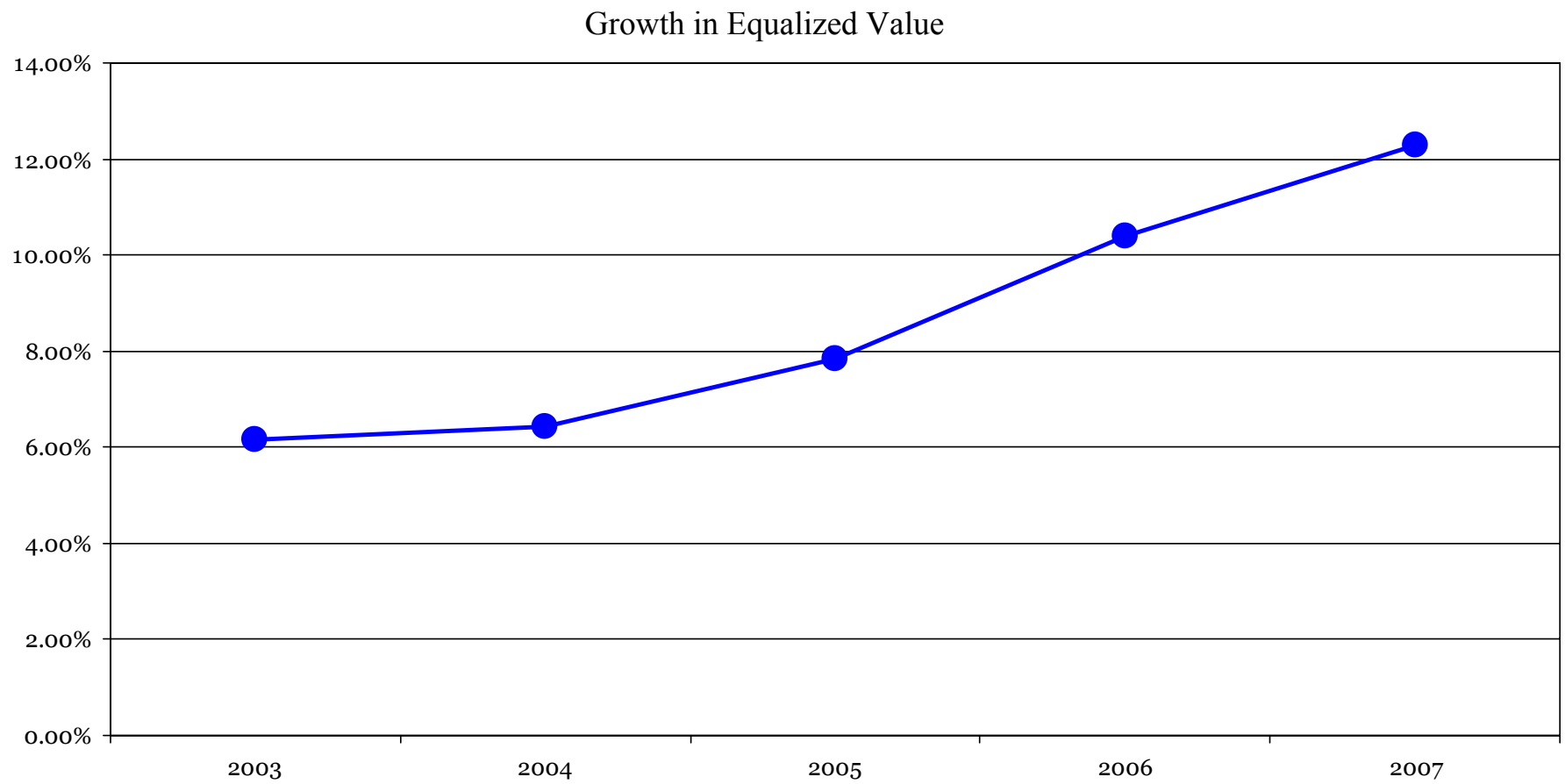
- ❑ Eliminated waiting lists for long-term care for seniors through Family Care; secured State grant to plan similar programs for persons with disabilities
- ❑ Negotiated multiyear agreement with municipalities to enhance our county-wide EMS system
- ❑ Partnered w/ local hospitals to maintain and improve General Assistance Medical Program (GAMP)
- ❑ Spearheaded community partnerships to improve care for the mentally ill including increasing the number of housing units
- ❑ Increased child support collections by \$8 million
- ❑ Created an Aging & Disability Resource Center that serves as a national model
- ❑ Established an award-winning African American Aging network and partnered with UCC to create the Latino Geriatric Center
- ❑ Increased community-based services to serious youth offenders by 200% while reducing youth commitments by 30%
- ❑ Partnered with Sheriff to increase lakefront and Parks patrols
- ❑ Improved accessibility for veterans by moving County Veterans Service Office to the VA Grounds, increasing veterans' access to services by almost 100%
- ❑ Established Annual "Operation Freedom" event for military personnel, veterans and their families at the Milwaukee County Zoo

Economic Development and Growth

- ❑ Proposed \$317 million in development projects to revitalize the near north side through the development of the Park East Freeway land
- ❑ Helped stabilize Midwest Airlines by using our financial tools, helping to keep nearly 3,000 jobs in the Milwaukee area
- ❑ Helped GE Healthcare relocate to Milwaukee County Research Park by guaranteeing TIF to City of Wauwatosa
- ❑ Expanded and remodeled airport concourses while seeing record numbers of passengers each year and being voted the 5th best airport in the nation by readers of Conde Nast Travel Magazine
- ❑ Established County Executive's annual Harley Ride to promote Milwaukee County and regional attractions
- ❑ A report by UWM showed that the total economic impact of the Milwaukee County Zoo on the 4-county area is \$112.1 million

Expanding The Tax Base

- Average annual growth in County equalized value – 8.63% over five years



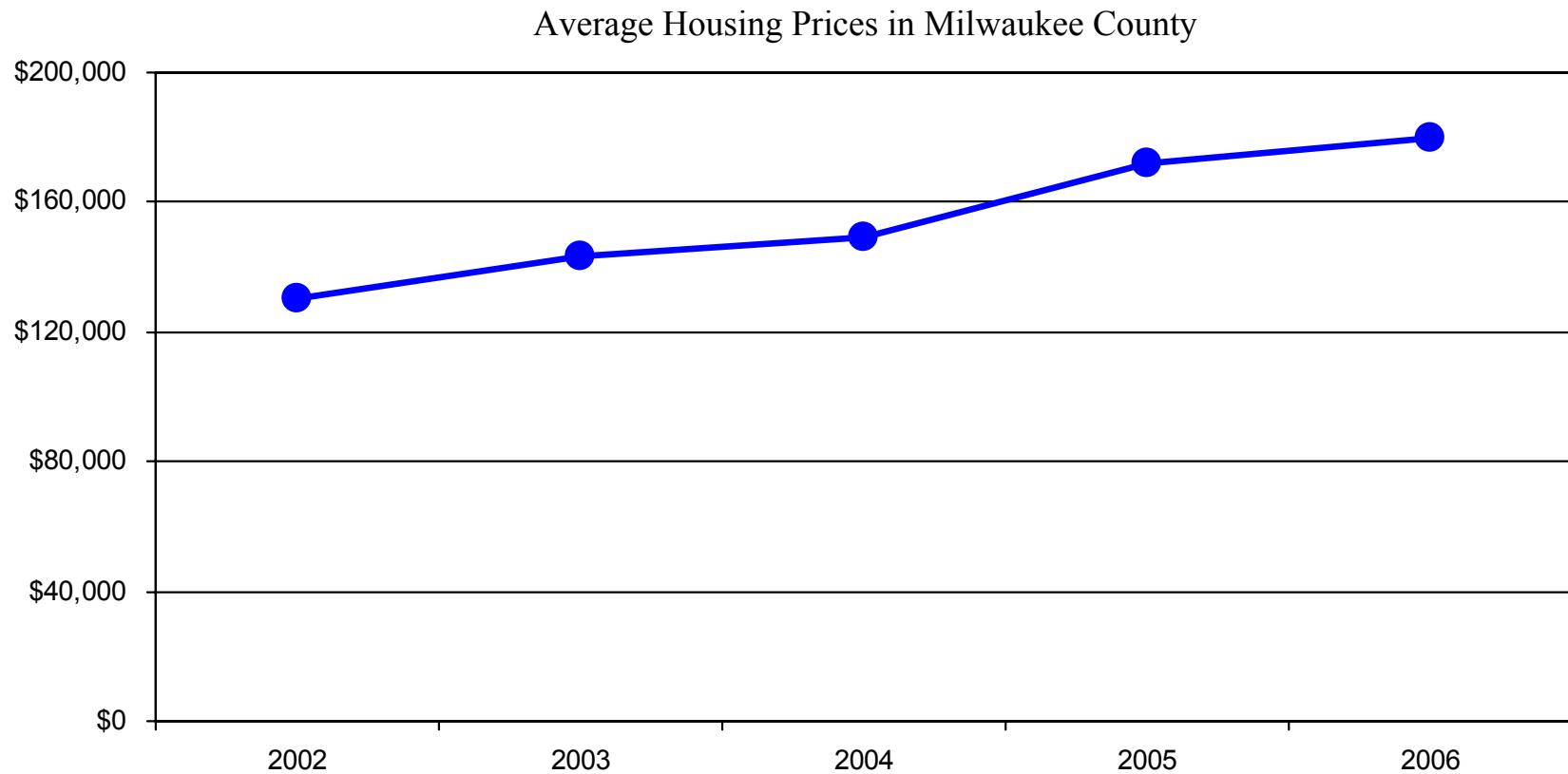
Expanding the Tax Base (Cont.)

- Growth in equalized value exceeding levy growth as evidenced by declining property tax rates



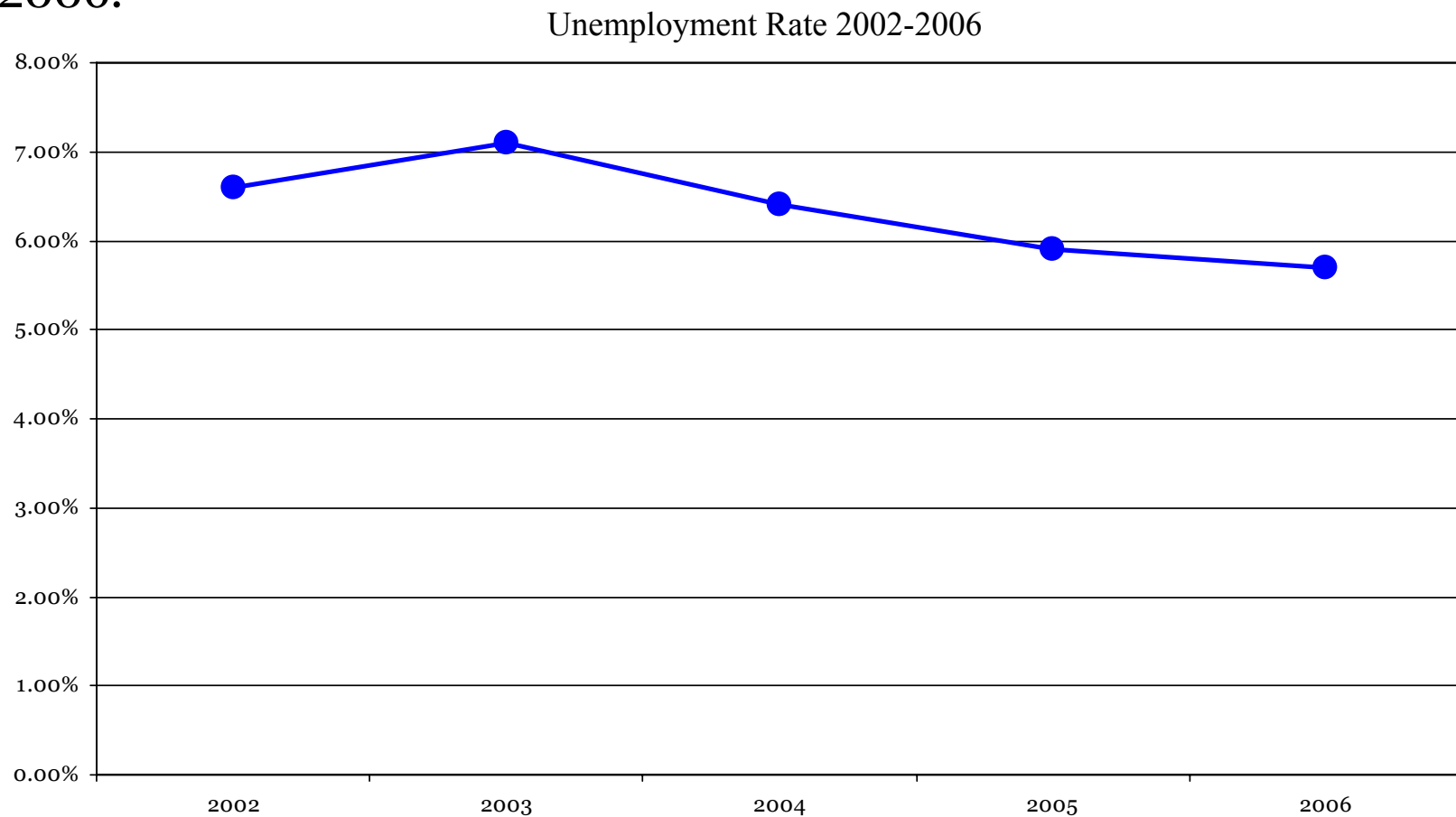
Expanding the Tax Base (Cont.)

- Steady growth in County housing values – 38% increase in average home prices from 2002 to 2006



Expanding the Tax Base (Cont.)

- Declining unemployment rate –decrease from 6.6% in 2003 to 5.7% in 2006.



2006 Projected Year End Results

- Estimated \$2 million year-end surplus

2007 Budget -- Projections

- As is the case in each fiscal year, the County will have to carefully monitor the following areas of concern and take corrective action as needed to ensure 2007 budget remains balanced.

- 2007 Budget Pressures
 - Required unbudgeted investments in mental health services -- \$1.7 million
 - Estimated sales tax shortfall -- \$1.9 million
 - Increased juvenile corrections population -- \$1.9 million
 - Projected Housing and Economic Development revenue shortfall – \$980,000

- Projected Revenues Available:
 - 2007 budget includes \$3.1 million in a contingency fund to meet unexpected spending needs/revenue shortfalls in 2007
 - Expected unbudgeted transfer of excess Care Management Organization (CMO) revenue will add approximately \$2.7 million to the contingency fund in 2007, bringing the total available to \$5.8 million
 - Passage of Governor's budget bill could reduce the impact of juvenile corrections population increases for 2007
 - Early employee health trends are positive and could produce further savings

2008 Budget Outlook

- 2008 Budget Pressures Include:
 - Increased wages and social security
 - Increased employee fringe benefit costs
 - Increased pension contribution
 - OPEB liability increase
 - Increased general obligation debt service

- Preliminary funding gap projected for 2008 \approx \$26.6million-\$39.8 million

- Projected structural imbalance will require expenditure reductions, revenue enhancements where possible and continued attention to cost-containment measures to ensure a balanced budget

Meeting the Challenge: Employee Compensation and Fringe Benefits

- ☐ Settlement of labor agreements for 2007 and 2008
 - Reached agreement with 3 of 8 labor unions including the County's largest union (AFSCME) representing almost 80% of total represented staff.
 - Agreements include modest pay increases
 - ☐ 1% November 2007
 - ☐ 1% April 2008
 - ☐ 1% June 2008
 - ☐ 1% October 2008
 - Agreements contain employee health care concessions
 - ☐ Increased co-pays and deductibles
 - ☐ Restructuring of premiums to encourage steerage to lower cost plans
 - Agreements reduce the impact of 2001 benefit enhancements by:
 - ☐ Eliminating the pension backdrop payment for all new hires
 - ☐ Reducing sick leave payouts for eligible employees from 100% to a maximum of 25% of time earned after implementation date

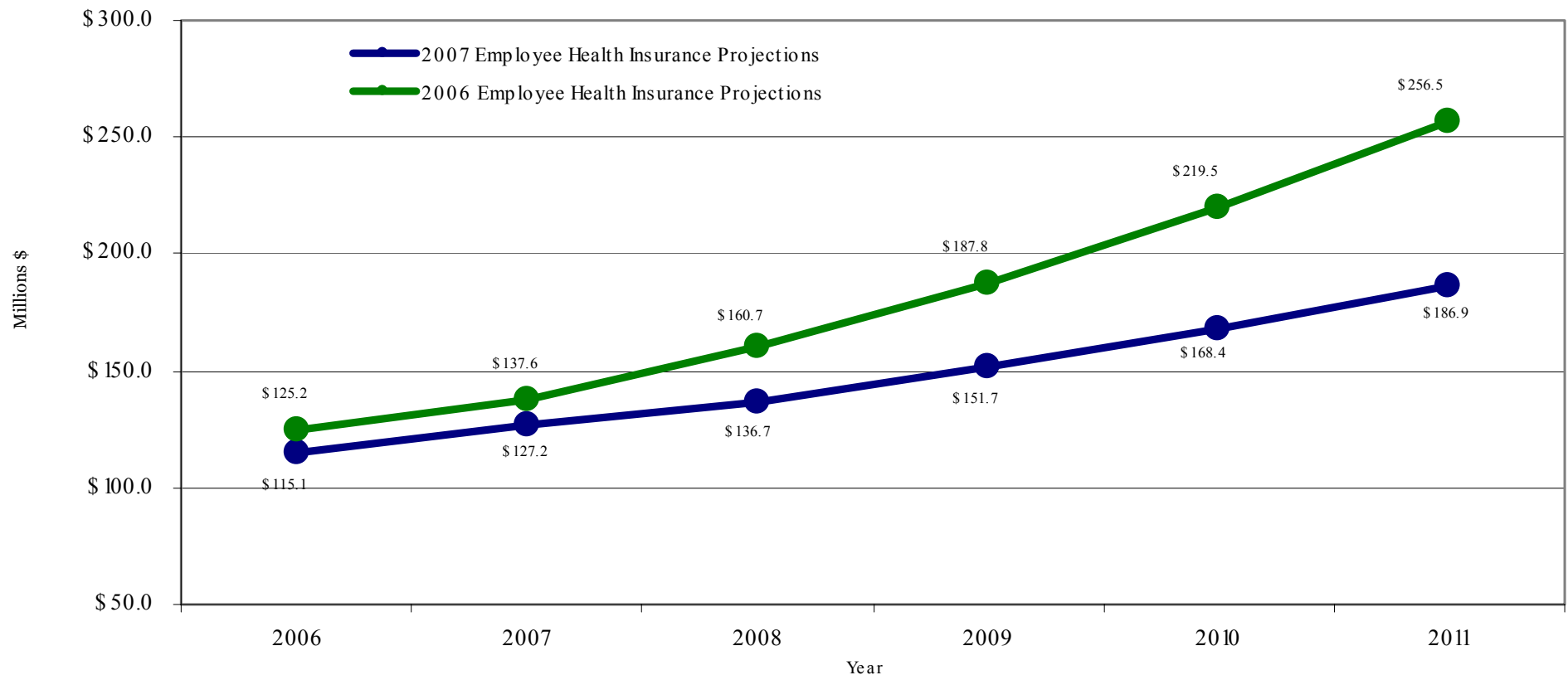
Meeting the Challenge: Employee Compensation and Fringe Benefits

- Establishment of Employee Wellness and Disease Management Program by January 2008 will target high end users and provide additional opportunities for further health care savings
- 2007 Budget included the creation of the new Employee Benefits Division, including a new senior fiscal position
- The County engaged the services of a benefits advisory consulting firm to assist with the creation and design of the new division, development of data models and identification of further opportunities for health care savings
 - Enhance analysis of health care cost and utilization data
 - Data- driven approach will provide Milwaukee County leverage with negotiations with health care providers
- In 2006, the County moved from a fully-insured health plan to self insured.
 - Estimated savings of \$18.7 million from 2006-2009
 - Gives the County access to previously unavailable employee health care data

Meeting the Challenge: Employee Compensation and Fringe Benefits

- Employee health care cost-containment measures have resulted in revised projections as noted below.

Improved Health Care Projections



Meeting the Challenge: Pension Obligation Bonds

- Current Unfunded Liability
 - County's current Pension Fund unfunded actuarial liability is \$455 million
 - Requires budgeted contribution of \$1.25 billion over next 28 years

- County is seeking authorization from the State to issue Pension Obligation Bonds to finance this liability, stabilize County contribution levels and gain budgetary savings

- Proposed Structure Includes:
 - \$6.25 million in budgetary savings annually due to projected reduction in interest rate from 8% to 6%
 - The County's 1st year payment of approximately \$28 million is used to establish a stabilization fund to protect the County against poor market performance
 - The projected savings will enable the County to make regular annual contributions to the stabilization fund
 - Bonds could be retired within 22 years vs the current 30-year amortization schedule

Meeting the Challenge: Long-Term Projections and Strategies

- ❑ County uses five-year Capital Plan to strategically monitor capital needs and coordinate capital spending and debt management policies
- ❑ Fiscal Affairs Division has developed five-year fiscal projections that are updated annually and utilized to develop annual budget targets and key strategic and legislative lobbying initiatives
- ❑ County Executive has asked each department to develop five-year goals; these will be utilized to reinvigorate long-term strategic planning for Milwaukee County

Goals for the Future

- ❑ Remain Fiscally Sound
- ❑ Continue Government Reform
- ❑ Insure Public Safety
- ❑ Protect Core Social Services
- ❑ Increase Quality of Life
- ❑ Upgrade Transportation Systems
- ❑ Improve Environment for Jobs